

# Tarleton Family Education Benefit Program

## **Purpose**

The purpose of the Tarleton Family Education Benefit provided under this program is to encourage and assist eligible employees and their immediate family members (spouse and dependent children) in obtaining a university-level education. As an institution of higher education, encouraging and supporting higher learning for and among its employees and their dependents is essential.

## **Benefit**

Tarleton State University offers a 50% reduction on assessed tuition (statutory, designated, differential and board authorized) and mandatory fees (excluding costs associated with room and board, books, supplies, parking, and athletics) as a benefit for eligible employees and their dependent family members. This is a grant program that pays as “first dollar” and will not exceed charged tuition and fees. The student is eligible for other aid and scholarships as determined by Financial Aid. This grant benefit will not be included in the student’s financial aid refund package. Enrollment will be verified consistent with existing procedures leveraged for other Financial Aid.

## **General Admission, Enrollment and Academic Standing Requirements**

Eligible employees /dependents who have applied and been accepted to a Tarleton State University degree program and are enrolled may apply for the Tarleton Family Education Benefit Program. Eligible employees and/or dependents must maintain a minimum of 2.0 cumulative GPA (undergraduate) or 3.0 cumulative GPA (graduate/post-baccalaureate), and must meet [Satisfactory Academic Progress - Maintain my Eligibility - Financial Aid - Tarleton State University](#) to receive this benefit. Employee must be in good standing as indicated on the most recent Performance Evaluation [Meets Expectation or Higher] or by the Supervisor’s Approval.

## **Application for the Benefit**

Eligible employees and/or eligible benefits apply for the benefit by completing the Tarleton Family Education Benefit application which must be submitted July 15<sup>th</sup> for fall, December 15<sup>th</sup> for Spring, and April 1<sup>st</sup> for Summer term. You must apply and submit by the deadline to receive the benefit for the specified term. No payments will be applied retroactively. No credits will be applied for prior terms. No refund will be included in your financial aid refund package for this benefit.

## **Supervisor Notification / Release Time Policy for Employees (not applicable for dependents)**

Texas A&M System Release Time policy [System Reg. 31.99.01] allows for employee participation during the employee’s normal working hours up to a maximum of 3 hours per week in any semester unless the employee’s Department Head or designee grants a written exception. Release time is subject to approval. Employees are not allowed to register for more than 4 credit hours during normal work hours or they may request an alternate work schedule or take leave for that time if approved.

It is important for an employee to discuss their intent to apply for a degree for themselves and to apply for Tarleton Family Education Benefit with their supervisor. The supervisor’s approval is required to validate that the Employee’s time commitment to attend classes will not interfere with work obligations and to validate that the employee is meeting expected job performance. This section is not applicable to dependents.

## **Application Review Process**

The University Registrar's Office will review the application for this benefit to confirm enrollment, eligibility, and verification of academic standing. Employee Services will be the second review to confirm employment eligibility for this benefit. The third review is for Financial Aid to apply the benefit.

## **Employee Eligibility**

Tarleton has defined eligibility for this benefit as follows:

- Full-time and part-time Faculty or Staff working in a budgeted, benefits-eligible position with Tarleton.
- Tarleton Employees must have completed six (6) months employment in a budgeted, benefits-eligible to be eligible for this program.
- Tarleton Retirees under TRS or ORP programs.
- Student Workers, Graduate Student Employees, Adjuncts, and Visiting Professors are NOT eligible.

## **Dependent Eligibility**

IRS Code Section 132(h) allows spouses and qualified dependents to be considered when receiving this benefit. IRS guidelines define a qualified dependent in [Publication 501](#). Employees will be required to certify the eligibility of each dependent requesting this benefit.

## **Program Considerations and Limitations**

**Tarleton Family Education Benefits** will apply to current term charges for courses enrolled after the employee reaches eligibility and obtains approval.

- Students will be notified if the application is denied at any of the steps subject to the Registrar's review, Employee Services review, or Financial Aid review.
- Retroactive applications for previous terms will be automatically denied.
- The employee or dependent must reapply for each subsequent term to continue with the tuition and fees benefit.
- The Tarleton Family Education Benefit is applicable to the pursuit of a first baccalaureate degree, first master's degree, or first doctorate degree by the employee or employee's eligible dependent(s).
- Certificate programs, non-degree seeking enrollment, or second degrees at any level are excluded from the tuition and fees benefit.
- The University reserves the right to modify, amend or terminate the Tarleton Family Education Benefit at any time.

## **Applicable Tuition and Fees**

Eligible tuition and fees include, but are not limited to, the following:

- Statutory Tuition
- Designated Tuition
- Differential Tuition assigned by College
- Differential Tuition for Graduate Degrees
- University Services Fee

- Any applicable lab fees
- Health Services Fee
- Student Center Fee
- Rec Sports Fee

Fees associated with admission applications, insurance, memberships, travel, parking fee, and intercollegiate athletic fee are not included in this benefit. Employees and dependents are responsible for these and all other expenses, including housing and meal plans, text books, school supplies, transportation, and parking.

Dispute resolution over tuition and fee issues will go to Business Services in Finance and Administration.

### **Financial Aid and Scholarships**

The Financial Aid Office has final determination following federal rules regarding what is reduced first if over-rewarded on aid. Financial Aid will assist with determining eligibility for other scholarships and financial aid for unmet need.

- In the event of an eligible employee's approved leave of absence, the employee and employee's eligible dependent(s) will remain eligible until no longer reported as a dependent on the employee's tax return. Dependent's eligibility will also terminate if the employee does not return to work after the approved leave of absence.
- In the event of any change in employment status under which an employee no longer meets the eligibility criteria under the tuition plan protocols, the employee and employee's eligible dependent(s) will remain eligible to receive Tarleton Family Education Benefit through the end of the most recent enrolled academic term.

The Tarleton Family Education Benefit will be allocated first before other types of financial aid awards. In some cases, the Tarleton Family Education Benefit may affect the amount awarded in federal or state aid, or institutional scholarships (except for Pell). However, the student may be eligible for other financial aid awards to augment the Tarleton Family Education Benefit based upon a student's unmet need:

- Need-based scholarship and related funding (e.g., Pell Grant);
- The President's Guaranteed Scholarship for High School and Transfer Students;
- Tarleton Promise Grant;
- Scholarship funds directly awarded from the academic department or college of the major of the employee or dependent(s);
- Talent scholarships (e.g., athletics, distinguished scholar, etc.) at levels approved by the Vice President of the awarding division.

### **Tax Considerations and Limitations**

The University does not provide individual tax advice to participants in the tuition and fee reduction benefit; however, a summary of general information regarding the federal tax treatment of benefits under the program is below. Individuals with questions about the tax treatment of benefits provided under the plan should contact a personal tax consultant or advisor.

- This Tuition and Fee reduction benefit is classified as a remission and meets the definition of a qualified tuition reduction under IRS Code Section 117(d).
- IRS Code Section 132(h) allows spouses and qualified dependents to be considered as employees for purposes of receiving this benefit.

- Generally, an employee and their tax-qualifying dependent(s) can earn their first undergraduate degree without incurring any taxable benefit liability as per Section 117 of the Internal Revenue Code.
- Section 117 (d)(1) of the Internal Revenue Code allows employees of certain educational institutions to exclude from gross income qualified undergraduate tuition reduction they, their spouse, or their dependent children receive from the employee's employer.
  - Undergraduate-level tuition assistance benefits for an eligible employee or an eligible employee's legal spouse are exempt from federal taxation.
  - Undergraduate-level tuition assistance benefits for an eligible employee's child are exempt from federal taxation if the child is eligible to be claimed as a tax dependent on the employee's federal income tax return for the calendar year to which the benefits apply.
- Graduate degree programs have tax implications that are not applicable to an undergraduate degree for employee or dependent(s).
  - Graduate tuition remission is covered under section 127 of the Code, which sets an annual limit of \$5,250 for the exclusion of employer-paid tuition expenses for both undergraduate and graduate coursework. Therefore, all course-work taken by a graduate student, regardless of the level, counts toward the annual exclusion.
  - An employee can take course work to complete a graduate program up to a limit of \$5,250 without incurring any taxable benefit liability. Any waiver amount in a calendar year that exceeds the federal limit of \$5,250 is considered a taxable benefit subject to federal tax withholding.
  - An employee dependent(s) can obtain the employee waiver, but the federal government considers all dependent waivers a taxable benefit.
  - For any eligible graduate student, the value of the reduction that exceeds \$5,250 will have a tax withholding the same rate as the applicable federal W-4 withholding. The amount of taxable income reported from the waiver and the taxes withheld by the University are reported on Form W-2.
  - The value of the tuition reduction that exceeds \$5,250 in a calendar year is includable as taxable income as a non-cash earning. The employee will not see a pay increase, but the excess amount is added to their regular earnings.
- There may be tax implications on the 1042S for International employees and their dependents.